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Working Party on the Medium-term Plan
and the Programme Budget
Thirty-seventh session
Geneva, 15-19 January 2001
Item 4 of the provisional agenda

DMFAS TRUST FUND

Note by the UNCTAD secretariat

GE.01-50053

1. Establishment of a DMFAS Trust Fund

1. In its decision 462 (XLVII) the Trade and Development Board requested the Secretary-General of UNCTAD to consider the establishment of a Debt Management and Financial Analysis System (DMFAS) Trust Fund in order to ensure the financial sustainability of the central operation of the DMFAS Programme, as well as the different options and modalities for such a fund, and to report to the Working Party at its next session.

2. The Secretary-General, having considered this matter, has decided to establish a DMFAS Trust Fund in order to ensure the proper funding of the central operation of the DMFAS Programme and its activities, including software development, maintenance and implementation, training in debt management, as well as networking.

3. The DMFAS Trust Fund will:

(a) Cover the period from 2002 to 2005, with the possibility of an extension;
(b) Be replenishable up front by donors, with funds to be co-mingled;
(c) Include cost-sharing by beneficiaries;
(d) Be reviewed at mid-term (after two years);
(e) Be discussed yearly at DMFAS Advisory Group meetings.

4. The DMFAS Advisory Group will have a supervisory role with regard to the DMFAS Trust Fund. It will be important to seek further participation from existing and potential donor countries, as well as beneficiary countries, through representatives from their capitals.

5. Appropriate reporting procedures will be established. A detailed annual report will be made available in March of each year and at least two months prior to the Advisory Group meeting so as to enable comments and discussion in advance. The report should highlight the achievements and significant results of the Programme, propose operational activities and describe the corresponding needs.

6. A DMFAS Trust Fund document is being prepared and will be presented to the DMFAS Advisory Group prior to its next meeting, scheduled to take place in June 2001.

7. In this context it is appropriate to recall that the United Nations General Assembly, in its recent resolution on the external debt problem of developing countries (A/RES/55/184), emphasizes the need to strengthen the institutional capacity of developing countries in debt management and calls upon the international community to support efforts to that end; in this regard, it stresses the importance of initiatives such as DMFAS and the debt management capacity-building programme.

2. Cost-sharing by beneficiaries

8. It will be remembered that the Working Party agreed that appropriate arrangements to ensure the programmes' financial sustainability were necessary, based on (i) programme budget resources; (ii) programme support resources; (iii) extra-budgetary resources from donors; and (iv) annual maintenance fees. Also, it was agreed that financial sustainability called for a global and integrated solution, taking into account all four sources of funding.

9. Country projects,[1] which are the vehicle through which the DMFAS software and related training and advisory services are provided to countries, have very often included funding for the core staff in Geneva, amounting to around $300,000 in 1998 and 1999. This has been especially the case for country-related software development activities undertaken by the information technology staff. It should be noted that country-specific enhancements of the system undertaken for one country very often become part of the standard software and that in these cases there is no clear separation between central and country-specific core costs. Also, some country projects include funding for the core staff while the actual cost of the country work involved is lower than the costs being incurred. The contrary may also happen. In summary, current practice involves cost-sharing, but this is not systematic and not always consistent. Therefore, in order to make cost-sharing more systematic and transparent, the DMFAS Programme will start to apply relevant guidelines following discussions thereon in the Advisory Group.

10. In addition to the above, the UNCTAD secretariat will propose to beneficiary countries requesting continued support from the DMFAS Programme after the successful completion of their country project that such support be provided through direct contributions to the DMFAS Trust Fund. They would thus become fully involved in the DMFAS Advisory Group meetings.

3. First DMFAS Advisory Group meeting (Geneva, 16 November 2000)

11. In its decision 462 (XLVII), the Trade and Development Board recommended to the Secretary-General of UNCTAD that he rapidly establish advisory groups for *inter alia* the DMFAS Programme. Such groups would be composed of technical representatives of interested member States, including existing and potential donors and beneficiaries, and the UNCTAD secretariat and would advise the Secretary-General on a range of issues affecting these programmes, including options for ensuring their financial sustainability.

[1] It should be noted that such projects are funded by a range of bilateral and multilateral donors with their own policies and procedures.

12. The first meeting of the DMFAS Advisory Group took place in Geneva on 16 November 2000. At this meeting, which was attended by representatives of beneficiaries, donors and the UNCTAD secretariat, a range of issues were discussed, including the activities of the Programme and its financial plan for the next three years.

13. While the financial plan was deemed broadly acceptable by the participants, the shortfalls, especially for 2001, which amounted to $600,000, caused concern. Also, it was noted that the ability to maintain the country installations and to provide continuing technical cooperation services was closely linked to the long-term financial sustainability of the Programme.

14. Three possible solutions to resolve the continued cash-flow problems were presented to the participants: reducing the number of central staff; increasing donor contributions; and/or increasing contributions by the beneficiary countries. In view of the present demand for services and the workload of the central staff, it was agreed that staff reduction was not desirable. An increase in contributions from both donors and beneficiaries was therefore considered necessary.

15. After discussion, the following was agreed:

(a) A special effort would be made by the bilateral donors to close the financial gap for 2001;

(b) A replenishable DMFAS Trust Fund to cover the costs of the central programme would be created to cover the period 2002-2005.

16. The UNCTAD secretariat is currently discussing with donors funding requirements for 2001. Proposals concerning the DMFAS Trust Fund are presented above.

4. Action by the Working Party

17. The Working Party is invited to take note of the information provided in this note.

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DETAILED COSTED PROPOSALS MANDATED BY PARAGRAPH 166 OF THE UNCTAD X PLAN OF ACTION

1. As requested by the Trade and Development Board at its forty-seventh session, this document contains detailed costed proposals for training courses to be reviewed by the Working Party[1] and by the Advisory Body established by the Trade and Development Board.[2] It includes the objectives and content of the training courses, as well as an outline, the dates and venue, the relevant budget for the first course and some key elements for future deliveries.

I. Framework of the regular training courses

2. Paragraph 166 of the UNCTAD X Plan of Action (TD/386) calls for a strengthening of UNCTAD's capacity-building activities, particularly through regular training courses on key issues on the international economic agenda, so as to better enable developing countries and countries with economies in transition to meet global economic and trade challenges. This corresponds to a growing interest both within the United Nations and among intergovernmental organizations in working towards greater coherence and complementarity of policies, regulatory frameworks and strategic approaches in respect of capacity-building. Paragraph 166 of the Plan of Action also emphasizes that these training courses would draw on the expertise and policy analysis work of the UNCTAD secretariat, with the support of an advisory body to be established by the Trade and Development Board.

[1] Decision 463 (XLVII) of the TDB of 20 October 2000.
[2] Decision 466 (XLVII) of the TDB of 20 October 2000.

GE.01-50074

II. Aims and objectives of the regular training courses

3. The aims of the training courses are to:

- Enhance the capacity of developing countries, particularly least developed countries (LDCs), and countries with economies in transition, to analyse the challenges posed by the ongoing processes of liberalization and globalization and the increasing integration of those countries into the global economic system and to formulate appropriate national policies accordingly;
- Increase awareness of the diverse policy and other conditions necessary for attaining competitiveness and participating effectively in the rapidly changing global economic environment.

4. At the conclusion of each training course, the trainees will be expected to have gained a better understanding of:

- The main features and trends that determine the international economic agenda from the point of view of development;
- The interfaces between trade, investment and development issues and their implications for the formulation and implementation of integrated development strategies;
- The use of multidisciplinary approaches in tackling the various aspects of trade and development issues;
- The relevant information on trade and development issues that concern their countries;
- Comparative national experiences in trade and development policies of developing and developed countries;
- Best practices in designing and implementing national, regional and international policies on trade and sustainable development.

5. The syllabus of the courses is designed to draw on UNCTAD perspectives and expertise in the area of trade and development policies, and to disseminate and enhance the understanding of UNCTAD analytical work as well as the lessons drawn from UNCTAD technical cooperation activities. The content and the approaches provided by the courses will be based on UNCTAD's knowledge of the topics involved as well as on the competence and expertise of other relevant international organizations.

6. The Information and Training Branch, Division for Services Infrastructure for Development and Trade Efficiency, will coordinate the organization of the courses in consultation with the Focal Point and in close cooperation with other UNCTAD Divisions concerning their subject-matter expertise. The Focal Point will service the Advisory Body as provided in the latter's terms of reference.

III. Target population

7. The courses should be aimed at the training of senior government officers, at director level, from the ministries of trade, competition policy, planning, foreign affairs and finance and central banks involved in the formulation and implementation of national trade and development policies. The participants should therefore have responsibilities in:

- Policy- and decision-making in the fields of international trade, investment policies and strategies, international financial and monetary issues, and sustainable development and its trade policy implications;
- Supervising and coordinating different services and administrations in charge of foreign trade and investment, including the coordination of private economic operators active in the fields of international trade, foreign investment, competitiveness and competition policy;
- Supervising the country's legal framework in the fields of international trade and investment, competitiveness and competition policy;
- Defining national strategies regarding investment promotion and facilitation, regional trade integration initiatives, competitiveness and competition policies.

Requirements and selection criteria

8. Participants should at least:

- Have a graduate degree in economics, business, international relations, international law, political science or public administration;
- Have at least five years' relevant professional experience in a national public administration, an international or regional development organization or a private institution dealing with the above-mentioned areas;
- Be in a position to disseminate the information and knowledge acquired during the course.

9. Proven competencies such as communication abilities, an aptitude for teamwork, as well as in information sharing, would be a prerequisite, so as to maximize the benefits of the courses for national administrations. It would therefore be highly desirable for the participants to remain in relevant official positions for as long as possible after the course.

IV. First training course

10. It is envisaged that the regular training courses proposed will require extensive support from the UNCTAD secretariat, within existing regular budget resources and available extra-budgetary resources. With a view to launching the implementation of paragraph 166 within the time frame specified by the Board, it is proposed (i) to organize in mid-2001 a first training course reflecting the above proposals; (ii) to evaluate the first course; and (iii), in the light of advice from the Advisory Board thereon, to proceed with additional courses in 2001 and thereafter in accordance with decision 463 (XLVII) of the Trade and Development Board.

11. That decision invited the Secretary-General of UNCTAD to seek the necessary resources to prepare and deliver three training courses in 2001. Funds for the preparation and delivery of the first course, estimated to cost US$ 218,000, are expected to be available from existing extra budgetary resources. In addition, there will be a need to reinforce secretarial support for the preparation, delivery and evaluation of the first course, as well as for subsequent courses.

12. At the time of preparing the present report, the secretariat is not in a position to confirm the availability of the necessary extrabudgetary resources for the second and third courses. For the biennium 2002-2003, there are good prospects of an allocation from the United Nations Development Account (section 33 of the United Nations Programme Budget), subject

however to agreement on modalities for implementation, which the secretariat is currently discussing with United Nations headquarters.

Dates, duration and venue

13. The first course will have a duration of four weeks from Wednesday, 20 June, to Tuesday, 17 July 2001. The first segment (20-22 June) and the final segment (16-17 July) will be held in Geneva, while the core course will be hosted at the United Nations Staff College in Turin/International Training Centre. The Centre has confirmed the availability of necessary facilities. A draft schedule of preparatory activities is contained in annex 2.

Participation/selection

14. A group of 21 trainees, including 7 from LDCs, will attend the first course: 7 from African countries, 6 from Asian countries, 6 from Latin America and the Caribbean and 2 from countries with economies in transition. The relevant authorities of the countries will be invited to present candidatures, which will be examined by an UNCTAD Selection Committee. Candidates will be required to provide their curriculum vitae jointly with a letter stating their competencies and interest in the training, as well as a short presentation paper (1-2 pages) on a selected topic. An aide-mémoire containing guidelines, a list of topics to choose from and selection requirements will be sent to member States with the application form. Candidatures will be accepted until 13 April 2001.

15. A perfect working knowledge of English, the official language of the first training course, will be indispensable.

Structure of the course[3]

Module 1: Introductory sessions

Geneva (3 days) Wednesday, 20 June, to Friday, 22 June 2001

Objective: To provide an institutional overview of the functioning of the Geneva-based institutions and the permanent missions.

Content: Developing countries' participation and priorities, the role of each institution in the formulation of development policies, the decision-making aspects and the content of their technical cooperation activities.

Saturday, 23 June 2001: travel to Turin by bus.

[3] The detailed content of each module will be provided to the participants in due time.

Module 2: Globalization and interdependence

Turin (2 days) Monday, 25 June, to Tuesday, 26 June 2001

Objective: To explain the interface between various key aspects of the international economic environment (trade, investment, external debt, technology etc.) and the implications for national policies and competitiveness. This overview should be reviewed and reassessed at the end of the course.

Content: Main features and trends, implications for developing countries including regional development, international competition, competitiveness and development issues.

Module 3: International trade and development

Turin (5 days) Wednesday, 27 June, to Tuesday, 3 July 2001

Objective: To define and evaluate the role of international trade in the development process, focusing on the links between the structure of a domestic economy and the impact of trade flows on development.

Content: Structural features and trade flows, regional and international trade; the changing role of commodities and services; trade facilitation, information technology and transport and logistics; e-commerce; trade and environment policies, trade and environment in the World Trade Organization (selected WTO agreements, dispute settlement, built-in agenda); market access; TRIPS; traditional knowledge; as well as the "positive agenda" and basic elements for the formulation of a developing country trade policy.

Module 4: Finance and development

Turin (3 days) Wednesday, 4 July, to Friday, 6 July 2001

Objective: To analyse the main driving forces of international financial flows and the determinants of national policies of developing countries regarding financing of development.

Content: Structural features of and trends in the financial system; the role of capital flow vulnerability of developing countries in recent financial crises; implications of external debt for the formulation of domestic and foreign economic policies; the World Bank's Heavily Indebted Poor Countries (HIPC) and Poverty Reduction Strategy Papers (PRSP) initiatives; the debate on the "international financial architecture"; the coherence between the International Monetary Fund, the World Bank and the World Trade Organization; and domestic and foreign sources of financing for development.

Module 5: Investment and development

Turin (2 days) Monday, 9 July, to Tuesday, 10 July 2001

Objective: To define and evaluate the role of foreign direct investment (FDI) in the development process and the linkages between trade and investment.

Content: FDI trends, FDI and national development strategies, linkages between trade and investment: instruments to attract FDI, policies and institutional mechanisms required to promote investment, both domestic and foreign, and best practices in the transfer of technology.

Module 6: Key elements for the formulation of national development policies

Turin (3 days) Wednesday, 11 July, to Friday, 13 July 2001

Objective: To examine the tools that can be used at a domestic level to ensure the effective implementation of a development strategy.

Content: The interlinkages between domestic and international economic determinants; the role of competition policy in the development of the domestic private sector; industrial and competitiveness policies; the role of the State and civil society; and coherence in the formulation and implementation of development strategies.

Sunday, 15 July 2001: travel to Geneva by bus.

Module 7: Simulation of a national decision-making process

Geneva (1 day) Monday, 16 July 2001

Objective: To foster a better understanding of the complex process of policy-making at the national level in a rapidly changing global economic environment.

Content: A one-day simulation of an "economic cabinet meeting" in a developing country and the challenges posed by changing multilateral rules/regulations and the international competitive environment. The trainees will play the role of trade, finance and planning ministers and other high government officials, as well as private sector and foreign investors' representatives. The scenarios designed by the trainers will be based on the topics examined in the core syllabus of the course, aimed at focusing the link between trade and finance in the context of a developing economy and showing how integration into the global economic environment impacts on the domestic policy-making process. The scenarios should be realistic, raising decision-making problems generated by current or recent situations, e.g. enforcement of competition law in anti-competitive cases involving more than one country, the Asian financial crisis and changes in multilateral trade rules.

Tuesday, 17 July 2001: concluding debate and evaluation of the course.

Training material

16. Depending on the topics and on the trainer, the material to be used could include the following:

- UNCTAD analytical work and existing training materials on the topics of the syllabus;
- Documents and technical papers of other international and regional organizations, particularly the WTO, the World Bank and the IMF;
- Other materials that can provide updated and analytical inputs (press articles, specialized literature, statistical data, ongoing research), exercises and case studies.

Trainers

17. UNCTAD staff members and selected consultants/resource persons will mainly deliver the training. Special contributions by representatives of other organizations, independent experts, or representatives from Geneva-based missions may be included.

Financial and administrative arrangements and relevant budget for the first training course

18. All expenses related to the preparation and organization of the training course, including a daily subsistence allowance (DSA) for all participants, will be borne by UNCTAD. However, countries will be requested to cover travel expenses to and from Geneva for their candidates. Travel expenses for seven participants from LDCs will be provided by UNCTAD.

19. The relevant budget covers the following items:

- Consultants/resource persons for training (36 days, travel and DSA);
- Travel and DSA for UNCTAD staff;
- Printing of training materials and course brochure;
- Basic charge for Turin training facilities;
- Group training:
  Airfare for 7 participants from LDCs
  Bus Geneva-Turin-Geneva
  DSA Geneva
  DSA Turin
- Miscellaneous: 10% of the total.

Budget line	Description	2001 budget
11.51	Consultants	39'000
16.01	Travel (UNCTAD)	13'000
21.01	Sub contracts - external printing	10'000
32.01	Training facilities	15'000
32.02	Group training - Participants in seminars (travel)	111'000
43.01	Equipment	10'000
53.01	Miscellaneous	20'000
	TOTAL	**218'000**

20. In addition, a training adviser with terms of reference as contained in annex 1 will be deployed to assist in the preparation, delivery and evaluation of the first course, as well as for subsequent courses.

Evaluation of the course

21. The following forms of evaluation will be undertaken:

(a) At the end of each module

(i) Participants will be requested to assess:

- The clarity of the subject;
- The relevance to professional requirements;
- The practicality of case studies and exercises;
- The interest and clarification provided by teaching aids.

(ii) Trainers will evaluate whether participants have duly assimilated the given training as well as the relevance of their training techniques with regard to the target audience.

(b) At the end of the training course a comprehensive questionnaire will be completed by the trainees covering:

- The structure of the training course (duration, number of participants, difficulties, workload);
- The content of the training course (theoretical elements, audiovisual aids, relevance of information provided);
- Usefulness and applicability (aptitude for changes in their professional life and working methods);
- Management and running of the training course (information media, organization);
- Follow-up strategies (how trainees will disseminate new competencies acquired).

(c) Trainees are expected to:

- Follow up and provide feedback to UNCTAD in terms of what is needed in order to ensure sustainability;
- Promote sustainability of training.

22. The evaluation will also take in account, in order to complement the requested feedback, the cost-effectiveness in terms of national capacity-building of the training provided, in comparison with other forms of capacity-building and direct and indirect training.

V. Complementary information

23. A website designed and run by the training team of the Information and Training Branch could be established specifically for the needs of the training course. It could be available in three languages (English, French and Spanish) and could remain open permanently. It could be designed to promote and support the material and the course exchanges regarding it. General information and a description of the course would be accessible to everyone, while there would be restricted access to specific parts such as content and training activities.

Objectives of the website

24. The objectives of the website are as follows:

- Promotion of and general information about the course (course information, duration, target audience, agenda);
- Availability of all trainee documents for downloading through the website, with private access for participants;
- A forum specifically designed for this course to create a community on this subject (trainers and trainees would be able to use it during the course, and after the course to implement and describe the specificity of their countries). This would promote case studies in the field.

25. The training team of the Information and Training Branch would be able to design and run the website and would be the focal point for integrating information from other Divisions on this website in order to promote all aspects of the course. The website would be active after the training period to increase South-South cooperation and to serve as a tool for discussion and exchange between all the course's actors. The training team of the Information and Training Branch would provide technical support for the site.

Strategy for future delivery

26. More information would be made available on the website, such as case studies from different countries. Adaptations for specific regional or national situations could be integrated into some parts of the course.

27. Parts of the training materials could be provided on-line through the Internet, and discussion possibilities could be provided, such as:

- Internet discussion groups on selected subjects for trainees and trainers;
- Audio or video conference access.

VI. Suggestions for future deliveries of the training course after the first phase

28. On the basis of the evaluation undertaken at the end of the training course, the positive elements of the course will be identified as well as weak points that need to be improved upon. Future deliveries will be organized on an extended linguistic basis in order to ensure a cost-effective approach to capacity-building in the field of international trade.

29. After this first phase, the main lines of action should concern:

- A careful and comprehensive assessment of the first course, including its impact and its cost-effectiveness. The secretariat will suggest modalities for the future implementation of the mandate contained in paragraph 166 of the UNCTAD X Plan of Action, as well as scope and content. For that purpose, existing training materials will be adapted accordingly, and the learning techniques will be reviewed in the light of the results of the evaluation of the first course;
- Deliveries in other languages in order to maximize the impact of the course;
- Definition of a strategy for training of trainers, leading in the long run to deliveries of the training course in cooperation with local trainers in developing countries and countries with economies in transition.

Annex 1

Title: Training Adviser
Place: UNCTAD secretariat, with missions to the UN Staff College in Turin
Duration: 10 months
Period: Starting from 1 February 2001
Tasks: The expert will work in close cooperation with the team in the Information and Training Branch of the Division for Services Infrastructure for Development and Trade Efficiency in the framework of the implementation of the first training course provided for in paragraph 166 of the UNCTAD X Plan of Action.

Under the direction of the UNCTAD training officer of the Branch, the expert will:

- Work in close collaboration with UNCTAD subject-matter experts in order to jointly prepare the relevant pedagogical material and establish all necessary contacts with technical specialists and consultants in international trade;
- Cooperate in updating information available on the website specifically designed for the training course (information and management of the site before, during and after the training course). He/she will moderate the Internet-based discussion forum and act as an interface between trainers and trainees;
- Ensure the necessary pedagogical logistics in Turin and Geneva;
- Ensure pedagogical coordination among all trainers and serve as the coordinator of the training course;
- Contribute to the preparation of audio-visual aids;
- Assist the secretariat in designing and processing the evaluation forms, and prepare the report on delivery in close cooperation with the different persons involved;
- Take all necessary actions, in liaison with the administration, for the travel arrangements of participants;
- Contribute, to the best of his/her ability, to every other support for the facilitation and implementation of this training cycle.

Qualifications: Having completed a university degree in social sciences in an economics-related field, he/she will have a broad knowledge of development issues and previous experience of activities developed by international organizations. He/she will also have knowledge of pedagogical and educational issues and experience in the organization and preparation of UNCTAD seminars. He/she will be able to plan and organize work independently, will be dynamic and open-minded, and will have sound interpersonal and communication skills in an international environment.

Languages: English/French. Knowledge of Spanish and Italian would be an asset.

Annex 2

Schedule of activities (2001)

No.	Content		Schedule
1	Prepare aide-mémoire	Information about delivery and selection criteria	February
2	Send course invitation letters to member States		16 February
3	Establish website	(a) pages of general information (b) forum (c) forms (d) course material on-line	February-June (fully supported up to December)
4	Select trainers and consultants	(a) contact them and send letters of invitation (b) arrange for acceptances (letter of appointment, hotels, etc.)	February
5	Select trainees - phase 1	(a) constitution of the Selection Board	February
6	Check pedagogical material		February-June
7	Receive/organize applications from participants		13 April 2001
8	Prepare documentation and delivery activities with UNCTAD Branches involved		February-June
9	Schedule classroom/laboratories, and trainee study areas	(b) check leaders' guide instructions for required training facilities (classrooms, laboratories, equipment, etc.) (c) verify availability of space and equipment (d) schedule required space and facilities (e) establish plan to follow up on scheduled facilities before course	March-April
10	Select trainees - phase 2	(a) selection process (b) list of accepted participants (c) send information to accepted participants	April
11	Deal with changes in registrations	(second list)	April
12	Arrange for Trainee lodging and meals	Involve Turin	April
13	Pre-course administrative tasks	Classroom and other facilities (schedule equipment and classroom supplies, arrange for trainee identification materials, assemble instructors' course materials and trainee class materials, reproduce material, etc.)	April-May